



LIFE INSURANCE QUICK ESTIMATOR

How Much Life Insurance is Enough?

Client Name _____ Date _____

This worksheet provides a quick and simple method to estimate the amount of life insurance you may need.

INCOME

1. Annual before-tax income your family would need if you died today

Typically between six to ten times the amount of annual salary. Include all salaries, dividends, interest, and any other sources of income.

\$ _____

2. Annual income available to your family from other sources

Include dividends, interest, and spouse's earnings. (Social Security may be available.)

\$ _____

3. Annual income to be replaced (Subtract line 2 from line 1.)

\$ _____

4. Capital needed for income

Multiply line 3 by the appropriate factor below:

\$ _____

Years Income Needed	10	15	20	25	30	35	40	45	50
Factors ²	9.4	13.6	17.5	21.1	24.5	27.7	30.6	33.3	35.9

EXPENSES

5. Funeral³ and other final expenses

Estimates range from approximately \$8,000 to \$10,000.

\$ _____

6. Mortgage and other outstanding debts

Include mortgage balance, credit card debt, car loans, home equity loans, etc.

\$ _____

7. College costs⁴ 2021-22, average estimated budgets range from \$18,830 for public two-year in-district students and \$27,330 for public four-year in-state students to \$44,150 for public four-year out-of-state students and \$55,800 for private nonprofit four-year students.

	Annual Amount	X	Number of Years in College =	Total Cost (\$)
Child 1		X		
Child 2		X		
Child 3		X		
Child 4		X		
Child 5		X		
Total capital needed for college				

\$ _____

8. Total capital required (Add lines 4, 5, 6 and 7)

\$ _____

ASSETS

9. Savings and investments

Bank accounts, CDs, stocks, bonds, mutual funds, real estate/rental property, etc.

\$ _____

10. Retirement savings

IRAs, 401(k) plans, SEPs, pension, and profit sharing plans

\$ _____

11. Present amount of life insurance

Include group insurance and personal insurance purchased on your own

\$ _____

12. Total of all assets (Add lines 9, 10, and 11.)

\$ _____

13. Estimated amount of additional life insurance needed (Subtract line 12 from line 8.)

\$ _____

¹ Source: <https://www.investopedia.com/articles/pf/06/insureneeds.asp>.

² Inflation is assumed to be 3%. The rate of return on investments is assumed to be 4.5%. College costs are indexed at 4.5%.

³ <https://nfda.org/news/statistics>. According to data published by the National Funeral Directors Association (NFDA), the median cost of a traditional funeral in the U.S. in 2021 is \$7,843. That number includes all of the typical expenses associated with funeral services, viewing, and burial. If you purchase a vault for the burial, the cost increases to \$9,420.

⁴ Source: The College Board, Trends in College Pricing 2021, Figure 1. Cost include tuition and fees, room and board, and allowances for books and supplies, transportation and other personal expenses) for full-time undergraduate students. Trends in College Pricing and Student Aid 2022.

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